

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SS-20 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

USIA-15 ACDA-19 IO-15 NIC-01 OMB-01 COME-00 EB-11

TRSE-00 INT-08 EUR-25 DRC-01 /172 W

----- 086167

R 121155Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7453

INFO AMEMBASSY TAIPEI S

AMEMBASSY BONN

AMCONSUL HONG KONG

USLO PEKING

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E.O. 11652: N/A

TAGS

ETRD, JA, CH

SUBJECT: JAPANESE PLANT SALES TO PRC

SUMMARY: ACCORDING TO NIPPON STEEL SOURCE, TALKS ON SALE OF STEEL MILL COMPLEX TO PRC NOW FOCUSSED ON SPECIFICATIONS WITH DISCUSSION OF PRICE TO FOLLOW. HITACHI RECENTLY SOLD PRC TWO THERMAL POWER PLANTS BRINGING TOTAL PLANT SALES TO PRC TO \$416 MILLION. END SUMMARY.

1. RECENT JAPANESE PRESS REPORTS HAVE HIGHLIGHTED NUMBER OF NEGOTIATIONS WHICH ARE UNDERWAY BETWEEN JAPANESE COMPANIES AND PRC. MOST SIGNIFICANT OF THESE IS APPROXIMATELY \$400 MILLION STEEL MILL COMPLEX, WHICH INCLUDES CONTINUOUS STEEL FOUNDRY, HOT AND COLD STRIP ROLLING MILLS, SILICON STEEL MAKING EQUIPMENT, AND OTHER FACILITIES. NIPPON STEEL CORP. AND KAWASAKI STEEL

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CO. ARE SEPARATELY NEGOTIATING WITH PRC FOR THIS CON-

TRACT. ALTHOUGH PRESS HAS RUMORED IMMINENT SIGNATURE OF DEAL WITH ONE OF JAPANESE FIRMS FOR SOME TIME, SOURCE IN EXECUTIVE OFFICE OF NIPPON STEEL CORP. RECENTLY TOLD EMBOFF THAT NEGOTIATIONS CURRENTLY UNDERWAY WERE FOCUSED ON DETAILS OF SPECIFICATIONS OF PLANT. FOLLOWING CONCLUSION OF THIS PHASE, QTE CRUCIAL UNQTE NEGOTIATIONS ON PRICE AND RELATED MATTERS SUCH AS CREDIT WOULD BEGIN. SOURCE NOTED THAT JAPAN FACING COMPETITION FOR CONTRACT FROM WEST GERMAN FIRMS, BUT THAT JAPANESE ARE OPTIMISTIC THAT THEY IN LEAD, SINCE PRC HAS TURNED TO THEM TO WORK OUT PLANT SPECIFICATIONS.

2. EMBOFF CHECKED WITH SAME SOURCE AGAIN ON OCTOBER 12. HE REPORTED THAT NO NEWS HAD BEEN RECEIVED RECENTLY FROM NEGOTIATORS IN PEKING, WHICH INDICATED NO PROGRESS IN TALKS. SOURCE ALSO NOTED THAT WEST GERMAN FIRM HAD PUBLICLY DENIED RECENT STORY WHICH APPEARED IN JAPANESE TRADE PRESS TO EFFECT THAT PRC HAD AWARDED CONTRACT TO NIPPON STEEL.

3. IN ANOTHER RECENT DEVELOPMENT IN PLANT SALE AREA, HITACHI CORP. CONCLUDED CONTRACT WITH PRC FOR SALE OF TWO 250,000 KW (COAL) THERMAL ELECTRIC POWER PLANTS. PRICE FOR BOTH UNITS IS ABOUT \$72 MILLION (¥19 MILLION). ACCORDING TO HITACHI SOURCE, SHIPMENT OF FIRST UNIT WILL BE MADE WITHIN 21 MONTHS AND SECOND UNIT WITHIN 24 MONTHS FROM DATE OF CONTRACT. HITACHI PREVIOUSLY SOLD PRC TWO 125,000 KW POWER PLANTS AND IS NOW NEGOTIATING ON SALE OF 600,000 KW PLANT.

4. ADDITIONAL REPORTED PLANT SALE PROSPECT IS TOYOTA MOTOR INTEGRATED AUTOMOBILE/TRUCK MANUFACTURING PLANT VALUED AT NEARLY \$400 MILLION. SOURCE IN TOYOTA'S PUBLIC RELATIONS SECTION, HOWEVER, FLATLY DENIED THAT ANY SUCH NEGOTIATIONS WERE UNDERWAY OR CONTEMPLATED BY TOYOTA.

5. ACCORDING JAPANESE FONOFF ESTIMATES, PRESENT TOTAL OF PLANT SALES BY JAPAN TO PRC SINCE DECEMBER 1972 COMES TO \$416 MILLION. IF STEEL MILL SALE IS CONCLUDED TOTAL LIMITED OFFICIAL USE

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WOULD RISE TO OVER \$800 MILLION.
INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, STEEL PLANTS, MEETINGS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO13269
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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30 JUN 2005

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